

HOUSING NEEDS IN THE CITY OF FALLS CHURCH

Prepared July 2005

Current and proposed housing activities in the City of Falls Church have prompted a number of questions and concerns regarding affordable housing and housing needs from City Council members, the City Manager, the Economic Development Authority (EDA) and citizens. The City Council Work Plan also highlights specific tasks related to housing and economic development. Recent issues include City expenditures, special needs and target populations, fair housing implications, and potential zoning tools for the establishment of affordable housing. A listing of all specific questions to staff is included as Attachment A. This report provides an overview of the current status of affordable and special needs housing, including City expenditures and revenues, as well as an assessment of housing needs, and identifies additional areas requiring further review.

There are several City documents that provide a framework for reviewing housing needs as well potential solutions. The Housing Chapter of the City's Comprehensive Plan identifies a number of issues including the need for affordable housing and a recommendation to set aside 12.5% of new development units for affordable housing. The Affordable Housing Policy outlines housing categorically and also includes the 12.5% set-aside recommendation. The Consolidated Plan provides an analysis of the current state of housing, housing needs and necessary next steps to address those needs.

Housing needs in the City is a complex subject area and staff recommends a follow-up session with City Council to allow for a more in-depth discussion.

Status of Affordable/Special Needs Housing

The City operates, participates or contributes to a number of programs that serve a continuum of housing needs. This includes shelter for the homeless, transitional housing, special needs housing, subsidies for low-income tenants, home ownership for low-moderate income households, and relief for low-income homeowners. The City also provides a number of other housing related services. A comprehensive chart listing all housing programs/activities, their cost and source of funds is included as Attachment B.

Shelters

Shelter space for the homeless is provided to City residents as part of the City's contract with the Fairfax County Department of Family Services (DFS). This includes beds for single persons and families. However, City residents encounter the same access problems as do Fairfax County residents – space available only in distant shelters or lack of open beds in general. The City does contribute more directly through the donation of space for the Winter Emergency Overflow Shelter at the Property Yard. This shelter also receives funding through the City's CDBG and the Community Services Fund (CSF).

Transitional Housing

Transitional housing¹ is available to City residents through several sources. City residents do have access to programs through the DFS contract but again space is limited and waiting lists can be lengthy. Two organizations located in the City also provide some transitional housing. Homestretch provides housing for families and maintains five units within the City. Homestretch receives City funds through the CSF for rent costs for those units. More recently, the City has approved use of the City-owned Miller House for the operation of a short-term transitional housing program operated by the City-based Center for Multicultural Human Services (CMHS). CMHS will have use of the property at essentially no cost. The City will continue to cover the cost of major improvements (e.g. replacement of the roof).

Special Needs Housing

Special needs housing includes housing for elderly/disabled as well as housing for persons with mental retardation (MR), mental illness (MI), and/or substance abuse (SA). Housing for seniors is provided at Winter Hill under the auspices of the Falls Church Housing Corporation (FCHC). Seven of these eighty units are designated for disabled, including persons with either physical and/or mental disabilities. The City contributes directly to Winter Hill through tax abatement and no-cost refuse and recycling services. Additional contributions include both City funds and CDBG funds awarded to FCHC. Residential services to persons with MR, MI and/or SA are provided through the City's contract with the Fairfax-Falls Church Community Services Board (CSB). One group home for adult men with MR is located in the City and housed in a City-owned property. The City charges below-market rent and provides all general maintenance and capital improvements to the property. The CSB operates other facilities or has access to other facilities throughout the region and the state, but, as with the shelters, space is limited and wait lists are lengthy.

The City also has an agreement with the Sunrise Retirement facility located in the City to provide 12 set-aside units for low and moderate-income elderly. Priority is given to City residents and family members of City residents.

Assistance to Low-income Tenants

Three programs are available to assist City renters: the Housing Choice Voucher program, the Tenant Based Rental Assistance program, the Special Housing Fund and the Rent Relief program. The Housing Choice Voucher program (HCV), formerly the Section 8 program, is a federal program providing monthly subsidies to low-income tenants to maintain their out-of-pocket housing costs to 30% of their income. The City has fifty vouchers that are administered through the Fairfax County Department of Housing and Community Development. However, wait list time is several years and households without a preference for children, disability, or age will most likely never receive a voucher. The vouchers are also portable and may be taken out of the issuing jurisdiction. The Tenant Based Rental Assistance program (TBRA) is funded through federal HOME funds allocated to the City via Arlington County. It is modeled on the HCV program and provides monthly subsidies to low-income tenants living in the City for up to 18 months. The Special Housing Fund (SHF) mirrors the TBRA program but

¹ Structured short-term housing designed to transition persons from homelessness to permanent housing

uses City funds. Rent Relief provides a one-time annual payment to low-income City households who are elderly or disabled. This program is governed by state and City code and uses City funds. Households receiving any other rental subsidy are not eligible for rent relief.

Home Ownership

The City has negotiated, either through rezoning or Special Exception applications, units in new townhouse and condominium developments to provide Affordable Dwelling Units (ADUs) at a cost affordable to households at 50-80% of the area's median income. To date, there are four units at Falls Park, six units at Whittier, four units at the Broadway, and four units at the Byron. Additional units have been negotiated at the Spectrum and Pearson Square, 4 and 15 respectively.

Assistance to Low-Income Homeowners

The City provides assists elderly and disabled homeowners through the Tax Relief Program. The program provides tax exemption and/or tax deferral to eligible resident homeowners. While not an expenditure of funds, it does result in lost revenue to the City.

Housing Needs Assessment

The City has several tools available for assessing housing needs: the 2006-2010 Consolidated Plan, the ADU interest list and applications for home ownership, the TBRA/SHF applications and HCV waiting list for rental assistance, and the number of persons on the waiting lists for special needs housing and shelters.

Consolidated Plan

The Consolidated Plan is a required document for all jurisdictions receiving federal housing assistance funds. It provides a comprehensive overview of the status of community housing, an analysis of community affordable housing needs and a strategic plan to address those needs. Affordable housing includes permanent rental, homeownership, special needs and shelters/transitional housing. Data is compiled using the most recent census data, reviewing programs and gaps in services as indicated by wait lists and comparisons of community demographics and programs available. The Consolidated Plan for 2006-2010 was recently completed and documents priority affordable housing needs by household. Affordable rental and ownership housing for very low-income households is the greatest unmet need, followed by rental housing for low income households. Categorically, small family households (2-4 persons) with extremely low to moderate incomes have the highest unmet need followed by elderly extremely low and low-income households. There is a much lower unmet need for affordable housing for large related households and special needs households of all income levels. Copies of the Priority Needs Summary Table and Executive Summary Table from the Consolidated Plan are included as Attachment C.

ADU Interest List and Applications

The Housing and Human Services Division (HHS) maintains an interest list of persons interested in ADUs. 182 persons were most recently on this list, including 18 employed by the City and 10 employed by the City schools. There were 64 on the interest list with a household size of two or more persons. Information on household composition, including number of children, is not collected as that would be a violation of fair housing law in relation to familial status. HHS just completed the application process for ADUs at the Byron and a resale of an ADU at Whittier. 109 applications were received: 56 were City Residents, 13 work for the City and 6 work for the schools.

TBRA/SHF Applications

TBRA is advertised annually, the most recent cycle completed in May. 46 applications were received; of these, 19 applicants live in the City, 9 live and work in the City and 8 work in the City.

Additional Wait Lists for Housing Programs

52 City residents receive HCV assistance and 57 are on the waiting list as of March 2005 according to Fairfax County Housing and Community Development.

Six City residents with mental retardation, mental illness and/or substance are in residential programs and 9 are on the waiting list through the CSB.

The Winter Shelter housed 49 unduplicated persons from December to March; however, none were City residents.

These lists are not necessarily inclusive of all persons seeking affordable or special needs housing or in need of shelter space, but reflect only those who have actually made contact with the organizations. Nor does take into account preservation needs should existing affordable multi-family housing units be lost (e.g. redevelopment of Merrill House, expiration of tax credits at Westbrook Gardens).

Summary of Housing Need Gaps

The City does contribute significantly to a continuum of housing programs and activities through City funds, in-kind services, staff time and administration of federal funds. However, there is a continuing need for affordable housing options in the City as indicated by the data and number of persons applying to affordable housing programs. These persons reflect a need for affordable housing for both existing City residents and the City workforce. The current median housing purchase price of \$638,900 (2005) and median rent of \$1,326² exceed the affordability threshold for households with low and moderate incomes.

² HHS 2005 Rental Survey

Additional Housing Issues

There are several tangential issues related to affordable housing that have been highlighted as a result of review of new developments, currently negotiated ADUs and potential affordable housing. These include fair housing compliance, the need for a group home for persons with MR in the City, and the ability of the City to sponsor employee housing programs; and tools for preserving and creating affordable housing: the Affordable Housing Fund, tax abatement and additions/changes to zoning. Housing affordability is also addressed within the goals and objectives for the City Center.

Fair Housing

Fair Housing compliance has been a general issue for all new development but has been raised specifically for ADU selection preference categories and for target population housing regarding families with children and/or seniors. Both have been reviewed by HHS in consultation with the Equal Rights Center and Fair Housing Management Consultants. The ADU Ordinance specifies eight preference categories for priority of selection. Seniors are included in preference categories but it is not a fair housing violation as non-seniors are not prohibited from applying. None of these categories prohibit or penalize households with children; any of the preference categories may be households with children.

Housing targeted to specific populations could be a fair housing violation if there is a disparate impact. Disparate impact occurs if one group is favored at the expense of another in any of the protected classes under fair housing law. Housing for a target population of teachers, for example, is not an explicit fair housing violation as teachers are not a protected class. However, if the demographics show a higher percentage of Caucasian teachers than the percentage of Caucasians who live in the City, it could be problematic. For example, should the affordable units be leased to all Caucasians, it could be argued that there was a disparate impact and an investigation of a fair housing violation may be warranted.

Group Home in City

It has been suggested that there is a need for a group home for adults with MR in the City in addition to the services provided through the CSB. The Human Services Advisory Commission (HSAC) has met with the proponents of this group home. Information presented was anecdotal and proponents did not have a written proposal. HSAC members determined that additional information was needed in order to move forward including documentation of need and program parameters. Staff has collected statistical data from the CSB as reflected in part in the Wait Lists for Housing Programs above. HSAC requested that the group home proponents develop a business plan as well as refine the specifics of the population to be served and what services would be included. Once the information has been provided, HSAC and staff will evaluate the need for a City-based group home within the context of services currently being provided and paid for through the CSB. Staff and group home proponents representative have also met with ARC, an association providing services and resources to persons with MR, and initiated discussion on possible services and other avenues of support.

Employee Housing Programs

Arlington sponsors a “Live Where You Work” program that provides incentives to employees who purchase a home in the County. County funds are used to provide grants to permanent employees to assist with the costs associated with purchasing a primary residence in Arlington. Arlington County was granted the authority to provide incentives by the Virginia 2002 General Assembly, §15.2-720.1. *Employee benefits; residence in county* of the Code of Virginia. Similar legislation would be required should the City decide to implement such a program.

Affordable Housing Fund

The Affordable Housing Fund (AHF) was established in 2001. A Task Force composed of a City Council member, HHS staff, Housing Commission, HSAC and FCHC representatives established guidelines. The AHF is funded by voluntary contributions from developers. City funds were contributed in 2001 and 2004. The AHF is available for grants or loans to private or public entities to preserve or create affordable housing. The AHF is administered by a sub-committee of the Housing Commission.

City Center

The goals of the City Center Plan include affordable housing as a component: “The City Center project will include housing opportunities that should address a broad spectrum of affordability.”

Zoning

A number of potential tools exist for the creation and preservation of affordable housing. Planning and Housing staff are working on a report, in response to the Council Work Plan item, that will define and analyze options available through the ADU Ordinance, Special Exception and zoning code, including the existing accessory dwelling unit regulations. Overlay zones are a specific tool that may be used to promote the development of affordable housing. An overlay zone establishes additional criteria in addition to existing zoning requirements. For example, an overlay zone could allow additional residential development through additional height or density to meet housing targets. Overlay zones may encompass one or more underlying zones.

More recently, EDA is considering calling for language changes to the Zoning Ordinance that would further permit accessory dwelling units. EDA members, the Economic Development Office, Planning and Community Services/Housing staff are scheduled to meet and discuss possible changes or methods to increase utilization.

Tax Abatement

Tax abatement encompasses business personal property tax as well as real estate tax exemption. A number of properties in the City are tax exempt but Winter Hill and Virginia Village, units owned by FCHC, are the only two affordable housing projects in

the City that are exempt from real estate taxes. Tax exemption was previously granted by the State legislature but as of 2003 control was given to the local jurisdictions. However, the locality must adopt an ordinance specific to each request and there are certain criteria that must be developed and met. Tax abatement is a tool used by some jurisdictions to assist in the promotion and sustainability of affordable housing but it does have impact above and beyond loss of local revenue. State funding for schools is based on a ratio of total property values versus actual property taxed. Exempted properties therefore lower the ratio and result in less State funding.

Tax abatement is technically under the purview of the Assessor's office and decided by Council action. A work group composed of staff from the Assessor, Housing, Commissioner of the Revenue, Treasurer and the Finance Director will be initiated by September to complete a thorough analysis of the benefits and costs of tax abatement for affordable housing.

Conclusion

The above touches on a number of issues related to the need and provision of affordable and special needs housing in the City of Falls Church. This report highlights key areas but does not incorporate the full detail of all affordable and special needs housing activity. Additional study on affordable housing development tools, including the report being compiled by Planning and Housing staff as well as the proposed work group to review tax abatement and continued staff and HSAC review of the need for a group home in the City are just three areas critical to providing a comprehensive approach to address housing needs in the City. The issues and approaches are complex and crafting a best practices solution requires a number of players including staff from several departments and Council. It also requires an analysis of financial resources relative to need. The attached Affordable Housing Costs charts (Attachment B) illustrate actual City contributions versus funding from other sources. Council may benefit from a more in-depth discussion with Housing and Human Services staff to elaborate on the issues presented and development of next steps.

ATTACHMENT A
SPECIFIC QUESTIONS/ISSUES RAISED

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<i>Question/Issue</i>	<i>Document Reference</i>
<i>What are all housing related costs/resources/tax abatement and City contributions available for affordable housing?</i>	<i>Attachment B Page 7</i>
<i>How much cash is available in the Affordable Housing Fund?</i>	<i>Attachment B</i>
<i>How many City and school employees are interested in affordable housing?</i>	<i>Page 4</i>
<i>What is the size of households and number of families with children on the ADU interest list?</i>	<i>Pages 4,5</i>
<i>Does housing targeting specific populations violate Fair Housing Laws?</i>	<i>Page 5</i>
<i>Does the City need a group home for adults with MR/Mark Gross letter to Council dated June 15, 2005?</i>	<i>Pages 5,6</i>
<i>Does the City have the legal authority to provide housing benefit for employees?</i>	<i>Page 6</i>
<i>Are the ADU selection preference categories a Fair Housing violation with regard to families with children?</i>	<i>Page 5</i>
<i>Housing Needs Assessment</i>	<i>Pages 1-5</i>
<i>EDA/Proposed language to ordinance to allow “granny flats”</i>	<i>Pages 6,7</i>

ATTACHMENT B
Housing Costs

ATTACHMENT C

PRIORITY NEEDS SUMMARY TABLE
AND
CONSOLIDATED PLAN EXECUTIVE SUMMARY

Priority Needs Summary Table and Consolidated Plan Executive Summary

PRIORITY HOUSING NEEDS (Households)		Priority Need Level High, Medium, Low		Unmet Need	Goals
Renter	Small Related	0-30%	H	57	35
		31-50%	H	53	32
		51-80%	H	23	14
	Large Related	0-30%	L	N/A	N/A
		31-50%	H	18	11
		51-80%	H	14	9
	Elderly	0-30%	H	63	38
		31-50%	H	59	36
		51-80%	H	25	15
	All Other	0-30%	H	52	32
		31-50%	H	45	27
		51-80%	H	54	33
Owner	0-30%	H	64	39	
	31-50%	M	33	7	
	51-80%	M	73	15	
Special Needs		0-80%	M	10	5
Total Goals					348
Total 215 Goals					302
Total 215 Renter Goals					282
Total 215 Owner Goals					20

City of Falls Church Consolidated Plan 2006-2010

DEMAND FOR AFFORDABLE AND SPECIAL NEEDS HOUSING

The City needs additional affordable housing to provide affordable homeownership opportunities for moderate and middle-income households as well as affordable rental opportunities for low- and moderate-income households.

There are limited resources to assist middle-income households who cannot afford housing in the City of Falls Church. Nearly 40% of homes sold in the City in 2003 were priced at \$500,000 or more. Further, for every three low-income households, there are only two affordable rental units. Among rental households, approximately 80% of all low- and moderate-income renters do not live in housing that is affordable. When compared with all renter households, minority renter households were more likely to have housing problems (e.g., cost burden or overcrowding).

Community Comment on Homeless/Special Needs



Emergency homeless shelters



Permanent housing and services for persons with special needs



Permanent housing for winter months for chronically homeless



Holistic approach to serving persons who are chronically homeless

Who Needs Affordable Housing?

Low-, moderate- and middle-income households are finding it increasingly difficult to locate affordable housing in the City. The need for affordable housing is more apparent when examining various households within the population. As noted in the graph below, small (related) family households have the highest need for affordable housing. More than 200 small family households pay are housing cost burdened.

Homelessness in the City

As of January 2004, there were 1,700 homeless families and individuals in the Falls Church City-Fairfax County area. The Falls Church Emergency Winter Overflow Shelter provided shelter to 68 adults, primarily single men, during the winter of 2003-04. Among all shelter residents, approximately 21% were employed during their tenure at the Shelter.

HIV/AIDS Housing Needs

There were 33 Falls Church City residents living with HIV/AIDS during 2004. According to 2004 data from the Whitman Walker Clinic, the highest service request among persons with HIV/AIDS is for health services; although a variety of non-health services are also offered. The majority of these residents is between ages 30 and 49, is Caucasian, and earns less than \$30,000 annually. Two-thirds of all of these residents live alone.

DEFINITIONS

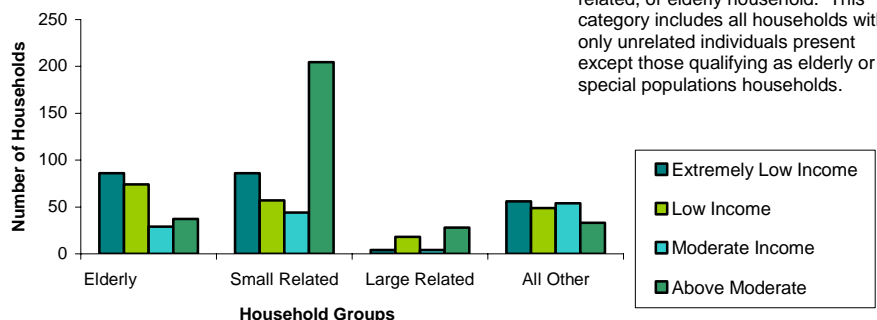
Elderly Household: household with 1 or 2 members, at least one of which is age 62 years or older

Small Related: A household of 2 to 4 persons that includes at least one person related to the householder by blood, marriage, or adoption.

Large Related: A household of 5 or more persons that includes at least one person related to the householder by blood, marriage, or adoption.

All Others: A household of one or more persons that does not meet the definition of a small related, large related, or elderly household. This category includes all households with only unrelated individuals present except those qualifying as elderly or special populations households.

Who Needs Affordable Housing?
Comparison of Household Groups by Income



The chart above indicates the number of households that are currently paying more than 30% of their income for housing expenses; such households are considered cost burdened.